

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 27, 2010
POSITION: Oppose

BILL NUMBER: SB 1154
AUTHOR: G. Cedillo

BILL SUMMARY: Public Utilities Commission: Earned Income Credit

Existing law establishes the California Alternate Rates for Energy (CARE) program which provides eligible low-income customers a 20 percent discount on their electric and natural gas bills. In addition, existing law establishes the Universal Lifeline Telephone Services (ULTS) program which provides eligible low-income customers a 50 percent discount on the rate of basic telephone service.

Existing federal law provides an Earned Income Tax Credit (EITC) to low- to moderate-income working households.

This bill would require the California Public Utilities Commission (PUC) to ensure that all applications for the CARE and ULTS programs include information about the applicant's eligibility to qualify for the federal EITC. In addition, the bill would require the Low-Income Oversight Board to make recommendations on whether the CARE and ULTS programs could assist with outreach for the EITC in a manner that would not detract from the primary goals of these programs.

FISCAL SUMMARY

The PUC estimates the bill would require 2.0 positions, \$3.2 million in Universal Lifeline Telephone Service Fund, and \$194,603 PUC Utilities Reimbursement Account to create and distribute federal EITC information to ULTS and CARE current and potential participants. Requests for additional resources would be evaluated during the annual budget development process.

Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation by defining a new crime or changing an existing definition of a crime are not reimbursable by the state. Therefore, any local government costs resulting from the mandate in this measure would not be state-reimbursable, because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

COMMENTS

Finance is opposed to this bill because it would result in significant new costs to PUC ratepayers, and because it would expand PUC involvement into a subject area that has nothing to do with any form of public utility.

The bill would require the PUC to advertise the federal EITC. The PUC would be responsible for ensuring that information about EITC be distributed to each current and potential participant in the ULTS and CARE programs. The primary goal of the CARE and ULTS program is to provide low income assistance in meeting utility bills, not in advertising for federal programs. The bill would create a bad precedent, since it would certainly be possible for the PUC to require utilities to advertise all sorts of programs, and in every case impose new costs on ratepayers who may have no interest in, nor obtain any benefit from, the advertised programs.

Analyst/Principal (0621) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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AUTHOR

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		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
8660/PUC	SO	No	C	\$98	C	\$195	C	\$195	0462
8660/PUC	SO	No	C	\$1,600	C	\$3,200	C	\$3,200	0471
<u>Fund Code</u>	<u>Title</u>								
0462	Publ Utilities Comm Utilities Reimb Acct								
0471	Universal Lifeline Telpne Svc Trst Admin								